Altice S.A.

(Société anonyme)

Condensed consolidated financial statements as of and for the three months ended March 31, 2014

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ALTICE S.A.

Condensed consolidated statement of income

For the three months ended March 31, 2014

	Notes	Three months ended March 31, 2014	Three months ended March 31, 2013
		(in millions of euros*)	
Revenues	9	578.4	284.1
Cost of sales	9	(137.5)	(82.3)
Other operating expenses		(79.3)	(38.7)
Staff costs and employee benefits expenses	10	(50.6)	(34.3)
General and administrative expenses		(22.8)	(7.2)
Other sales and marketing expenses		(29.3)	(8.6)
Operating profit before depreciation, amortization, management fees, restructuring, non-recurring-costs and other expenses	9	**259.1**	**113.0**
Depreciation and amortization		(162.0)	(85.4)
Management fees		(0.4)	(0.2)
Restructuring, non-recurring costs and other expenses		(27.9)	(7.6)
Operating profit		**68.7**	**19.8**
Gain arising on step acquisition	11	256.3	-
Finance income		0.3	47.4
Finance costs		(153.0)	(43.4)
Share in income of associates	11	1.3	2.8
Profit before income tax (expenses)/benefits		**173.6**	**26.5**
Income tax benefit/(expenses)	14	5.1	(9.2)
Profit for the period		**178.6**	**17.3**
Attributable to equity holders of the parent		160.9	20.1
Attributable to non-controlling interests		17.7	(2.8)
Earnings per share (expressed in euros)			
Basic		*1.16*	*0.14*
Diluted		*0.99*	*0.12*

The accompanying notes form an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of other comprehensive income

For the three months ended March 31, 2014

	Notes	Three months ended March 31, 2014	Three months ended March 31, 2013
		(in millions of euros*)	
Profit for the period		**178.6**	**17.3**
Other comprehensive income			
Exchange differences on translating of foreign operations		-	2.7
Net fair value gain on available-for-sale financial assets		3.4	-
Employee benefits		(0.2)	0.2
Total comprehensive income for the period		181.8	20.2
Attributable to equity holders of the parent		164.1	23.0
Attributable to non-controlling interests		17.7	(2.8)
Earnings per shares (expressed in euros)			
Basic		*1.18*	*0.11*
Diluted		*1.01*	*0.14*

The accompanying notes form an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of financial position

As of March 31, 2014

	Notes	March 31, 2014	December 31, 2013
		(in millions of euros)	
ASSETS			
Current assets			
Cash and cash equivalents		347.2	61.6
Restricted cash	4	962.0	1,242.8
Trade and other receivables		601.5	232.2
Inventories		56.2	11.0
Current tax assets		100.7	14.6
Total current assets		**2,067.6**	**1,562.2**
Non-current assets			
Deferred tax assets		210.2	47.4
Investment in associates	11	2.9	679.1
Financial assets		60.0	50.6
Trade and other receivables		22.4	22.8
Property, Plant & Equipment		2,743.2	1,134.2
Intangible assets		872.3	579.6
Goodwill	3	3,964.2	1,100.7
Total non-current assets		**7,875.3**	**3,614.4**
Total assets		**9,942.9**	**5,176.6**

	Notes	March 31, 2014	December 31, 2013
		(in millions of euros)	
EQUITY AND LIABILITIES			
Current liabilities			
Bonds	8	90.6	59.7
Borrowings from financial institutions	8	32.3	-
Deferred revenue		136.0	55.9
Trade and other payables		1,171.6	517.4
Other current liabilities	8	43.7	15.9
Provisions		44.4	31.1
Current tax liabilities		99.1	57.1
Total current liabilities		**1,617.7**	**737.0**
Non-current liabilities			
Bonds	8	2,887.8	2,527.0
Borrowings from financial institutions	8	3,466.1	1,214.0
Loans from related parties	8	-	100.7
Other financial liabilities	8	375.2	271.6
Deferred revenue		113.2	10.6
Trade and other payables		24.5	29.0
Retirement benefit obligations		19.2	8.2
Provisions		89.7	-
Deferred tax liabilities		172.8	183.1
Total non-current liabilities		**7,148.5**	**4,344.2**
Equity			
Invested equity		-	95.8
Issued capital	5	2.0	-
Share Premium	5	5,786.4	-
Other reserves	7	(4,962.6)	-
Net income		160.9	-
Total equity attributable to the shareholders of the parent		**986.6**	**95.8**
Non-controlling interests		190.1	(0.5)
Total equity		**1,176.7**	**95.3**
Total equity and liabilities		**9,942.9**	**5,176.6**

The accompanying notes form an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of changes in equity

For the three months ended March 31, 2014

	Issued capital	Share Premium	Other Reserves	Net income	Total equity attributable to shareholders of the parent	Non-controlling interests	Total equity
					(€ in millions)		
Equity at January 1, 2013	-	-	272.8	-	**272.8**	5.2	**278.0**
Dividends paid	-	-	-	-	-	-	-
Profit of the period	-	-	-	20.1	**20.1**	(2.8)	**17.3**
Other comprehensive income	-	-	2.9	-	**2.9**	-	**2.9**
Transaction with shareholders	-	-	(162.8)	-	**(162.8)**	-	**(162.8)**
Other movements	-	-	2.4	-	**2.4**	0.5	**2.9**
Equity at March 31, 2013	**-**	**-**	**115.3**	**20.1**	**135.4**	**2.9**	**138.3**
Equity at January 1, 2014	-	-	95.8	-	**95.8**	(0.5)	**95.3**
Dividends paid	-	-	-	-	-	-	-
Profit of the period	-	-	-	160.9	**160.9**	17.7	**178.6**
Total other comprehensive income	-	-	3.2	-	**3.2**	-	**3.2**
Incorporation of Altice S.A.	0.0	-	-	-	**0.0**	-	**0.0**
Contribution of Altice France and Altice International	1.7	4,970.2	(5,036.1)	-	**(64.1)**	-	**(64.1)**
Issuance of new shares	0.3	816.2	(29.7)	-	**786.8**	-	**786.8**
Stock option plan	-	-	2.2	-	**2.2**	-	**2.2**
Change in scope	-	-	-	-	-	172.9	**172.9**
Transaction with shareholders	-	-	2.0	-	**2.0**	-	**2.0**
Equity at March 31, 2014	**2.0**	**5,786.4**	**(4,962.6)**	**160.9**	**986.8**	**190.1**	**1,176.8**

The accompanying notes form an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of cash flows

for the three months ended March 31, 2014

	Notes	March 31, 2014	March 31, 2013
		(€ in millions)	
Profit for the period		**178.6**	**17.3**
Adjustments for :			
Depreciation and amortization		162.0	85.4
Share of profit in associates		(1.3)	(2.8)
Gains and losses on disposals		-	-
Gain on step acquisition	**11**	(256.3)	-
Expense related to stock options (IFRS 2)	**10**	3.6	-
Other non-cash operating gains and losses		(7.1)	(3.3)
Net cash provided by operating activities before changes in working capital, finance costs and income tax		**79.5**	**96.6**
Finance costs, net		152.7	(3.9)
Income tax (gain)/expense recognised in profit and loss		(5.1)	1.3
Income tax paid		(6.8)	0.1
Changes in working capital		10.2	(28.1)
Net cash provided by operating activities		**230.5**	**65.9**
Purchases of tangible and intangible assets		(138.1)	(53.5)
Acquisitions of available for sale financial assets		-	(3.9)
Increase / (Decrease) in loans and other non-current financial assets		-	11.2
Increased/ (Decrease) of restricted cash		282.6	-
Transactions with non-controlling interests	**2**	-	-
Net payments on acquisition of subsidiaries	**2**	(526.0)	-
Net cash used in investing activities		**(381.5)**	**(46.2)**
Proceeds from issuance of shares	**5**	722.0	-
Proceeds from debt issuance	**8**	28.7	-
Repayment of debt	**8**	(56.2)	(14.9)
Distribution to CPEC's holders		(190.0)	(28.9)
Interest paid		(70.5)	(11.5)
Net cash provided by/ (used in) financing activities		**433.9**	**(55.3)**
Effects of exchange rate changes on the balance of cash held in foreign currencies		(0.0)	(0.0)
Net increase in cash and cash equivalents		**283.0**	**(35.6)**
Cash and cash equivalents at the beginning of the period		61.6	129.7
Net (decrease)/increase in cash and cash equivalents		283.0	(35.6)
Cash and cash equivalents at the end of the period		**344.6**	**94.0**
Cash and cash equivalent		347.2	94.0
Bank overdraft		(2.6)	-

The accompanying notes form an integral part of these condensed consolidated financial statements.

Note 1 - Nature of the business, basis of preparation and accounting policies

Nature of the business

Altice S.A. (the "Company") is a public limited liability company (*Société Anonyme*) incorporated in the Grand Duchy of Luxembourg whose head office is in Luxembourg and has been formed on January 3, 2014. Upon admission of the Company's shares on Euronext Amsterdam on January 31, 2014, the Company received the contribution of two entities incorporated in the Grand Duchy of Luxembourg: Altice France S.A. and Altice International S.à r.l.. Altice France S.A. is hereafter referred to as "Altice France" and Altice International S.à r.l. and its subsidiaries are hereafter referred to as "Altice International" or "Altice International Group".

Altice France

Altice France holds shares in Numericable Group, a French group listed on Euronext Paris. Numericable Group is a French cable television service provider. Its core products are premium digital television packages, which are available to households in areas that are triple-play enabled. They also provide French consumers with broadband Internet, fixed telephony, and mobile telecommunications services.

Additionally to the Business To Consumer ("B2C") described above and through its main operational entity, Completel S.A.S., Numericable Group operates the largest alternative fiber-to-the-office ("FTTO"), network in France, constituting the third alternative Digital Subscriber Line ("DSL") network in France. Completel S.A.S. provides business customers with a comprehensive service offering, which includes data transmission, very high speed Internet, telecommunications services, convergence and mobility solutions, through fiber and DSL networks.

Altice International

Altice International offers a variety of services over its cable and mobile infrastructure, including, but not limited to, pay television, broadband Internet access, fixed-line telephony and mobile telephony to residential customers, and, to a lesser extent, corporate customers, depending on the country. Available cable-based service offerings depend on the bandwidth capacity of its cable networks and whether they have been upgraded for two-way communications. Where possible, Altice International Group intends to deploy the same technologies and equipment across its footprints to generate economies of scale and common knowledge. In addition, the Altice International Group companies aim at sharing skills and best practices across the various operations of Altice International Group.

Television service offerings include basic and premium programming, and, in most markets, incremental product and service offerings such as enhanced pay-per-view programming, including video-on-demand (''VoD'') and near-video-on-demand (''NVoD''), digital video recorders (''DVR''), high definition (''HD'') television services and, in certain areas, exclusive content, purchased or produced. The Altice International Group tailors its basic and premium channel line-up to each country of operation according to culture, demographics, programming preferences and local regulation. The Altice International Group also offers broadband Internet access services and fixed-line telephony in all its footprints. It also owns and operates mobile infrastructures in certain geographies (French Overseas Territories) and offers mobile services through an MVNO (Mobile Virtual Network Operator) arrangement in Belgium.

Basis of presentation

The Condensed Consolidated Financial Statements of the Company as of and for the three months ended March 31, 2014 have been prepared in accordance with International Accounting Standard ("IAS") No. 34 "Interim Financial Reporting". They should be read in conjunction with the annual consolidated financial statements and the notes thereto as of and for the year ended December 31, 2013 which have been prepared in accordance with International Financial Reporting Standards as adopted in the European Union ("IFRS").

As Altice France and Altice International, before being contributed to Altice S.A. and after the IPO, were and remained entities under joint control (controlled by Patrick Drahi through Next L.P.), the contribution transactions do not constitute acquisitions within the meaning of IFRS 3 *Business Combinations*. The Group has opted to account for this transaction using the book values, and the Condensed Consolidated Financial Statements disclose the amounts as if the contribution of the equity securities of Altice France and Altice International had occurred before January 1, 2010.

The comparative data presented for the condensed consolidated statements of income, other comprehensive income, changes in equity and cash flows for the three month period from January 1, 2013 to March 31, 2013 for comparison purposes correspond to the condensed combined financial statements of Altice France and the Altice International Group (hereinafter referred to as the “Two Groups”). Such condensed combined consolidated statements have not been subject to an audit or a review in accordance with any International Standards on Auditing or International Standards on Review Engagements.

Before being contributed to Altice S.A. on January 31, 2014, the Two Groups were entities under common control controlled by Next L.P.. Accordingly, the financial information presented for comparative purposes reflect the historical assets, liabilities, revenues, expenses and cash flows that were directly related to the sub-groups, Altice France and Altice International, which formed two separate group as of December 31, 2013.

Accounting policies

The Condensed Consolidated Financial Statements have been prepared on a historical cost basis, except for (i) available for sale financial assets, (ii) derivative financial instruments and (iii) inventories which are measured at the lower of net realizable value or cost. The accounting policies used to prepare the Condensed Consolidated Financial Statements are similar to those described in Note 2 to the Condensed Consolidated Financial Statements as of and for the year ended December 31, 2013.

There were no other significant effects on the Condensed Consolidated Financial Statements as a result of the adoption of any of the below mentioned standards or interpretations.

New standards applied for the first time in the current period

For the period ended March 31, 2014, the Company has applied the following amendments to IAS standards, made compulsory for annual periods beginning on or after January 1, 2014.

- Amendments to IAS 39–Novation of Derivatives and Continuation of Hedge Accounting:

  Under the revised standard, the novation of a hedging instrument should not be considered as an expiration or termination giving rise to the discontinuation of hedge accounting when a hedging derivative is novated. This amendment has no impact on the Condensed Consolidated Financial Statements of the Company, as it does not practice hedge accounting.

- Amendments to IAS 36–Recoverable Amount Disclosures:

  The overall effect of the amendments is to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. This amendment has no impact on the Condensed Consolidated Financial Statements of the Company.

Significant accounting judgments and estimates used in the preparation of the financial statements

Judgments

In the process of applying the significant accounting policies, the Group has exercised its judgment and has taken into account matters which have the most significant impact on the amounts that have been recognized in the consolidated financial statements.

Estimates and assumptions

The preparation of the Condensed Consolidated Financial Statements requires the Group to make estimates and assumptions that have an effect on the application of the accounting policies and on the reported amounts of assets, liabilities, revenues and expenses. These estimates and underlying assumptions are reviewed regularly. Changes in accounting estimates are reported in the period in which the estimate changes.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units (herein after referred to as “CGU” or “CGUs”) to which goodwill has been allocated. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Legal claims

In estimating the likelihood of outcome of legal claims filed against the Consolidated Group and its investees, the group companies rely on the opinion of their legal counsel. These estimates are based on the legal counsel's best professional judgment, taking into account the stage of proceedings and historical legal precedents in respect of the different issues. Since the outcome of the claims will be determined in courts, the results could differ significantly from these estimates.

Post-employment benefits

The liability in respect of post-employment defined benefit plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about, among others, discount rates, expected rates of return on assets, future salary increases and mortality rates. Due to the long-term nature of these plans, such estimates are subject to uncertainty.

Deferred tax asset

Deferred tax assets relate primarily to tax losses carried forward and to deductible temporary differences between reported amounts and the tax basis of assets and liabilities. The assets relating to the tax losses carried forward are recognized if it is probable that the Group will generate future taxable profits against which these tax losses can be offset. Evaluation of the Group’s capacity to utilize tax losses carried forward relies on significant judgment. The Group analyses past events, and the positive and negative elements of certain economic factors that may affect its business in the foreseeable future to determine the probability of its future utilization of these tax losses carried forward.

Note 2 – Main changes in the scope of consolidation

2.1 Numericable Group S.A. ("NG")

On February 3, 2014 the Group, through its direct subsidiary Altice France S.A., completed the acquisition of a 10% stake in Numericable Group S.A. (herein after referred to as "NG"), the leading cable operator in France. Prior to the acquisition of the 10% stake, the Group owned a 30% stake in NG (including 2.6% related to options provided to other major shareholders). The acquisition of the additional 10% stake triggered a change in control of NG, with Altice France becoming able to nominate 5 out of 10 board members of Numericable Group, as well as the Chairman of the board, whose vote is considered to be casting in case of a tie.

Since February 3, 2014, NG contributed €217.2 million to the Group revenue and €55.7 million to the Group operating profit for the three months ended March 31, 2014. The options granted to majority shareholders and mentioned above had a fair value of €0.7 million as of March 31, 2014.

The following summarises certain of the major classes of consideration transferred and the provisionally determined amounts of identifiable assets and liabilities assumed at the acquisition date:

Total consideration paid to the vendors for the shares of the acquired entity amounted to €317.0 million on a cash free, debt free basis. Additionally, an earn-out, based on the performance of the share price of NG will be paid out to the vendors on a date culminating six months after the initial agreement. As of the date of this report, the earnout has been paid to the vendors and amounted at €42.1 million euros, thus bringing the total consideration transferred to €359.2 million.

The fair value of the asset acquired at the date of acquisition was determined as follows:

Book value of investment in associate (prior to change in control):	€679.1 million
Variation in investment in associates as of February 3, 2014:	€1.3 million
Gain on step acquisition (resulting from change in control):	€256.3 million
Non-controlling interests (post change in control):	€161.6 million
Total consideration for acquisition of additional shares (including earnout):	€359.1 million
Fair value of NG at acquisition:	€1,457.3 million

The total value of assets transferred in consideration for the values mentioned above amounted to €2,456.6 million, comprising mainly of intangible assets for a net value of €302.6million, property, plant and equipment for a total value of €1,468.7 million, financial assets for a total value of €11.3 million and trade and other receivables for a total amount of €519.1 million. Total liabilities amounted to €3,682.7 million, comprising of €2,842.7 of non-current liabilities and €840.0 million of current liabilities. The residual value of €2,683.4 million was recognised provisionally as goodwill.

The values of the assets and liabilities assumed have been determined on a provisional basis as being equivalent to the book values in the accounting records of NG. The Company is continuously assessing the fair valuation of the identifiable assets and liabilities assumed and shall complete this exercise within twelve months from the acquisition date.

Goodwill has been recognised as a result of the acquisition as follows:

Total consideration transferred	€1,457.3 million
Fair value of identifiable assets, liabilities and contingent liabilities	€(1,226.1) million
Goodwill	€2,683.4 million

2.2 Tricom S.A. and Global Interlinks Limited ("Tricom" and "GLX")

On March 12, 2014, the Group, through its indirect subsidiary, Altice Dominican Republic, completed the acquisition of an approximately 87.88% stake in Tricom S.A., a cable and mobile operator with a 4G license based in the Dominican Republic, and Global Interlinks limited, the owner of a submarine cable, through which it sells data and voice transmission services to other operators based in the region (and including its sister concern, "Tricom S.A"). Through this acquisition, the Group expects to consolidate and expand its cable operations in the Caribbean Islands and explore synergies through the vertical integration of its operations in the region and synergies with pre-existing operations in the region.

Since March 12, 2014 Tricom and Global Interlinks contributed €7.6 million in revenue and €1.1 million in operating income to the Group's result for the three months ended March 31, 2014.

The following summarises certain of the major classes of consideration transferred and the provisionally determined amounts of identifiable assets and liabilities assumed at the acquisition date:

Total consideration paid to the vendors for the shares of the acquired entity amounted to €299.2 million on a cash free, debt free basis.

The total value of assets transferred in consideration for the values mentioned above amounted to €214.8 million, comprising mainly of intangible assets for a net value of €4.4 million, property, plant and equipment for a total value of €133.2 million and trade and other receivables for a total amount of €67.3 million. Total liabilities amounted to €82.7 million, comprising of €40.8 of non-current liabilities and €41.9 million of current liabilities. Additionally, adjustments related to the conversion of the opening balance from US GAAP to IFRS standard led to an increase in fixed assets of €2.8 million, thus increasing the net value of assets transferred to €134.9million. The residual value of €164.3 million was recognised provisionally as goodwill.

The values of the assets and liabilities assumed have been determined on a provisional basis as being equivalent to the book values in the accounting records of Tricom S.A. and Global Interlinks Limited. The Company is continuously assessing the fair valuation of the identifiable assets and liabilities assumed and shall complete this exercise within twelve months from the acquisition date.

Goodwill has been recognised as a result of the acquisition as follows:

Total consideration transferred	€299.2 million
Fair value of identifiable assets, liabilities and contingent liabilities	€134.9 million
Goodwill	€164.3 million

2.3 Mobius S.A.S. ("Mobius")

On January 15, 2014, the Company, through its subsidiary, Altice Blue Two S.A.S., obtained control over Mobius, a telecommunications operator in the French Overseas Territories (La Reunion), by acquiring 99.9% of the shares and voting interests in the company. This acquisition enables the Group to further expand and consolidate its footprint in the French Overseas Territories.

Since January 1, 2014, Mobius contributed €4.6 million to revenue and €0.1 million to operating income to the Group's results for the three months ended March 31, 2014.

The following summarises certain of the major classes of consideration transferred and the provisionally determined amounts of identifiable assets and liabilities assumed at the acquisition date:

- Total consideration paid to the vendors for the shares of the acquired entity amounted to €18.8 million on a cash free, debt free basis.

- The total value of assets transferred in consideration for the values mentioned above amounted to €15.2 million, comprising mainly of intangible assets for a net value of €7.1 million, property, plant and equipment for a total value of €1.2 million, financial assets for a total value of €3.2 million and trade and other receivables for a total amount of €2.9 million. Total liabilities amounted to €13.8 million, comprising of €5.1 of non-current liabilities and €8.7 million of current liabilities. The residual value of €17.4 million was recognised provisionally as goodwill.

- The values of the assets and liabilities assumed have been determined on a provisional basis as being equivalent to the book values in the accounting records of Mobius. The Company is continuously assessing the fair valuation of the identifiable assets and liabilities assumed and shall complete this exercise within twelve months from the acquisition date.

Goodwill has been recognised as a result of the acquisition as follows:

Total consideration transferred	€18.8 million
Fair value of identifiable assets and liabilities	€1.4 million
Goodwill	€17.4 million

In summary, the profit and loss of these new subsidiaries for the period from January 1, 2014 to the date of their consolidation into the Group's accounts is given below:

	NG	Tricom
	(in € millions)	
Revenues	108.5	38.7
Purchases and subcontracting services	(51.7)	(11.1)
Gross Profit	**56.8**	**27.6**
Other operating expenses	1.5	(4.2)
General and administrative expenses	-	(1.7)
Other sales and marketing expenses	-	(2.2)
Staff costs and employee benefits	(14.0)	(5.3)
Operating profit before depreciation and amortization	**44.3**	**14.1**
Depreciation and amortization	(25.6)	(5.1)
Other expenses, net	-	
Management fees	-	(0.8)
Reorganization and non-recurring costs	-	-
Operating profit	**18.8**	**8.2**
Profit / (loss) for the period (including non-controlling interests)	**4.6**	**5.4**

2.5 Acquisition of non-controlling interests – Altice Blue Two S.A.S.

In January 2014, the Group entered into discussion with the management of Outremer Telecom (the "OMT Managers"), holders of a 23% stake in Altice Blue Two S.A.S. ("ABT"), the holding company controlling Outremer Telecom, Mobius, WSG and MTVC, to exchange part or all of their existing shares in ABT against new shares to be issued by the Company.

As per the agreement, which was signed on March 13, 2014, the OMT Managers contributed a 17.5% stake held directly in ABT and all their shares held in OMT Ocean 3 S.A.S. (an investment vehicle held by certain members of OMT's senior management and holding a 5.4% stake in ABT), for a base value of €55.2 million plus two separate earn-out clauses that would become applicable only upon the achievement of certain operational and financial targets and the settlement of certain lawsuits.

Note 3 - Goodwill

Goodwill is reviewed for impairment at each CGU level, annually and whenever changes in circumstances indicate that its carrying amount may not be recoverable. For 2013, goodwill was tested for impairment at the CGU level as of December 31. CGUs are currently determined to coincide with subsidiaries of the Company. The recoverable amounts of the CGUs are determined based on their value in use. The Company determined value in use for the purpose of its impairment testing and, accordingly, did not determine the fair value of the CGUs as the carrying value of the CGUs was lower than their value in use. The key assumptions for the value in use calculations are primarily the pre-tax discount rates, the EBIT margin, the terminal growth rate and the churn rate during the period.

The value in use of the CGUs was determined by estimating cash flows for a period of five years, giving due consideration to the nature of the industry in which each CGU operates. Assumptions for churn rates and EBIT margin were based on historical experience and expectations of future changes in the market. Cash flow forecasts were derived from the most recent financial plans approved by management.

The Board of Directors has determined that there have not been any changes in circumstances indicating that the carrying amount of goodwill may not be recoverable and therefore no updated impairment model analysis has been carried out nor any impairment recorded for the period ended March 31, 2014.

	December 31, 2013	Business combinations	Impairment losses	Changes in foreign currency translation	Disposals	March 31, 2014
			(in millions of euros)			
Numericable	-	2,683.4	-	-	-	2,683.4
Tricom & GLX	-	164.3	-	0.2	-	164.5
Mobius	-	17.4	-	-	-	17.4
Green.ch	17.8	-	-	-	-	17.8
Coditel	295.5	-	-	-	-	295.5
Hot Telecom	620.3	-	-	(2.4)		617.8
OMT Invest	293.9	-	-	-	-	293.9
ONI	1.3	-	-	-	-	1.3
Total Gross Value	**1,228.7**	**2,865.1**	-	**(2.2)**	**-**	**4,091.7**
Numericable	-	-	-	-	-	-
Tricom	-	-	-	-	-	-
Global Interlinks	-	-	-	-	-	-
Mobius	-	-	-	-	-	-
Green.ch	-	-	-	-	-	-
Coditel	-	-	-	-	-	-
Hot Telecom	(128.0)	-	-	0.5	-	(127.5)
OMT Invest	-	-	-	-	-	-
ONI	-	-	-	-	-	-
Total Cumulative impairment	**(128.0)**	**-**	-	**0.5**	**-**	**(127.5)**
Numericable	-	2,683.4	-	-	-	2,683.4
Tricom & GLX	-	164.3	-	0.2	-	164.5
Mobius	-	17.4	-	-	-	17.4
Green.ch	17.8	-	-	-	-	17.8
Coditel	295.5	-	-	-	-	295.5
Hot Telecom	492.3	-	-	(1.9)	-	490.4
OMT Invest	293.9	-	-	-	-	293.9
ONI	1.3	-	-	-	-	1.3
Total Net book value	**1,100.7**	**2,865.1**	-	**(1.7)**	**-**	**3,964.2**

Note 4 – Restricted cash

The decrease in restricted cash is explained by the closing of the Tricom transaction on March 12, 2014. For more details, refer to note 2.2.

The restricted cash is composed of the proceeds of the December 2013 offering and have been used to finance the acquisition of Orange Dominicana in April 2014.

Note 5 – Issued capital and share premium

Issued capital

As at March 31, 2014, total issued capital of the Company amounts to €2.0 million, and is composed of 204,902,102 outstanding ordinary shares, with a nominal value of €0.01 each.

The share capital at incorporation amounted to €0.03 million euros and was increased through successive capital increases, mainly resulting from the contribution of Altice International and Altice France shares to the new Company (representing €1.5 million and 0.2 million respectively). In addition to this, share capital increase were also recorded following the buyout of minority interests in ABT, the participation of the Directors of the newly acquired entity, Mobius and the contribution in kind of a vendor note held by Valemi Corp.

On January 31, 2014, the Group successfully completed its initial public offering ("IPO") on the Euronext Stock Exchange based in Amsterdam. As part of this offering, the Group raised €750 million through the issuance of new shares to investors at a price of €28.25 per share.

Additionally, a green shoe option of up to 15% of the total offering was fully exercised and Next L.P. offered additional shares to the public in the IPO.

The fees incurred in connection with the issuance of additional equity instruments have been recognized in equity for a total of €29.7 million, while the fees linked to the placement of existing shares have been recognized in profit and loss under the "Restructuring, non-recurring costs and other expenses" caption.

Share premium

Total share premium of the Group amounted to €5,786.4 million and results from:

	March 31, 2014
Contribution in kind of Altice International	4,412.1
Contribution in kind of Altice France	558.1
Proceeds from primary offering	749.7
Contribution in kind of Valemi vendor note	6.7
Contribution in kind - Mobius	4.6
Contribution in kind - ABT Minorities	55.2
Total	**5,786.4**

A restructuring of the shareholder debts held by Next L.P. against Altice International and Altice France, was carried out before the IPO. As a result of this restructuring, the shareholder debts were contributed by Next L.P. to Altice S.A., in exchange for new shares issued by the Company.

Valemi Corp S.A., the holder of a vendor note against Altice International (pertaining to the acquisition of MCS and SportV in Q4 2013), contributed this asset to Altice S.A. at its nominal value of €6.7 million, in exchange for new shares issued by the Company.

For the transactions between the non-controlling shareholders in ABT, please refer to note 2.5 above.

Note 6 – Earnings per shares

	March, 31 2014	March, 31 2013
	(in €millions except as stated otherwise)	
Earnings		
Effect of dilutive potential ordinary shares:	-	-
Earnings for the purposes of diluted EPS	160.9	20.1
EPS on basic shares (in €)	**1.16**	**0.14**
Number of shares		
Weighted average number of ordinary shares for basic EPS	138.9	138.9
Effect of dilutive potential ordinary shares:		
Employee investment plan	0.8	0.8
Stock options	6.4	6.4
Shares to be provided to other shareholders (1)	17.4	17.4
Weighted average number of ordinary shares for the purposes of diluted EPS	**163.5**	**163.5**
Diluted earnings per share (in €)	**0.99**	**0.12**

(1) See note 17 – Acquisition of additional shares in Numericable Group from other minority shareholders

Note 7 – Reserves

A detailed description of the consolidated reserves of the Group is provided below:

	March 31, 2014
	(in millions of euros)
Contribution of Altice France and Altice International	(4,940.0)
Issuance costs	(29.7)
Stock options	2.2
Fair value of available for sale assets	3.4
Employee benefits	(0.2)
Changes in foreign exchange translation	0.1
Transactions with shareholders	2.0
Other variations	(0.3)
Group reserves	**(4,962.6)**

Group reserves as of March 31, 2014 were primarily composed of the contribution of Altice France and Altice International. As part of the IPO process, Next L.P., the sole shareholder of Altice France and Altice International, decided to contribute the two companies to Altice S.A. at their fair market value. As this is considered to be an operation under common control, the excess value of these shares (over nominal value) was adjusted through the reserves.

Note 8 – Borrowings and other financial liabilities

Total financial liabilities are broken down as follows:

	March 31, 2014	December 31, 2013
	(in millions of euros)	
Bonds	2,887.8	2,527.0
Loans from related parties	-	100.7
Borrowings from financial institutions	3,466.1	1,214.0
Finance leases	37.3	23.4
Other financial liabilities	160.2	105.9
Financial instruments	177.7	142.3
Non-current liabilities	**6,729.1**	**4,113.3**
Bonds	26.3	26.4
Borrowings from financial institutions	32.3	-
Finance leases	34.2	11.4
Other financial liabilities	9.5	4.5
Accrued interest	64.3	33.3
Current liabilities	**166.6**	**75.6**
Total	**6,895.7**	**4,188.9**

Increases in debt for the three month period ended March 31, 2014 were mainly explained by:

- The drawdown of €20.5 million on the USD 80.0 million revolving credit facility at Altice Financing to finance the acquisition of Mobius S.A.S..
- The issuance of a new debt at Greendata center for a total amount of €8.2 million in order to finance the construction of an additional datacentre capacities to support commercial development.
- The integration of Numericable Group in the Group accounts. See below.

A brief description of Numericable Group debts, fully integrated into the Group accounts for the period ended March 31, 2014, is provided below:

The Numericable Group entered into a Senior Facility Agreement ("**SFA**") dated June 6, 2006 (as amended March 2, 2007, December 9, 2009, September 8, 2011, July 31, 2013 and November 22, 2013) with BNP Paribas, CALYON, Lehman Brothers Bankhaus AG, London Branch, and Morgan Stanley Bank International Limited as the Mandated Lead Arrangers, BNP Paribas as Agent and Security Agent, and others lenders. In addition, certain subsidiaries of the Group are guarantors under the SFA, each guaranteeing, subject to certain limitations, the obligations of the other borrowers and guarantors within the SFA.

The SFA contains financial covenants that may affect the interest rates to be paid by the Group as well as the applicable margins on the SFA (see details below).

In 2012, the Numericable Group issued three bonds to refinance a portion of its current Senior Debt under the SFA. The issuer was Numericable Finance & Co. SCA, a Luxembourg company. The proceeds from the bonds were used by Numericable Finance & Co. to fund three new loans issued in favor of the Group by the Lending Bank (JP Morgan) under the Senior Facility Agreement:

- a C-One facility of €360 million;
- a C-Two A facility of €225 million;
- a C-Two B facility of €275 million.

In December 2013, the Numericable Group raised a new tranche of Senior Debt in a total amount of 800 million euros (Tranche D). This tranche is repayable by December 31, 2018 and bears interest at Euribor plus a margin of 3.75%.

The Numericable Group used the proceeds of this issue (800 million euros) and the proceeds of the capital increase carried out in the context of the public offer (250 million euros) to reimburse some of its existing debts, as follows:

- all of the Senior Debt originally subscribed by Altice B2B France in the amount of 451 million euros;
- all of the 275 million euro bond issue (Tranche C-Two B) subscribed in October 2012;
- part of the bond issue of 225 million euros (Tranche C-Two A) subscribed in October 2012 (repayment of 78.8 million euros) – the balance of this bond amounted to 146.3 million euros as of December 31, 2013;
- part of the bond issue of 360 million euros (Tranche C-One) subscribed in February 2012 (repayment of 126.1 million euros) – the balance of this bond amounted to 234.1 million euros as of December 31, 2013.

The table below summarizes the various tranches in place under the Senior Debt contract as of end-December 2013, their maturity, the applicable margin and the outstanding amount of the debt as of December 31, 2013:

Facility	Maturity	Margin/ Coupon (1)	Nominal (December) 2013 (2)
A2 and capex 2	June 2015	E + 3.875%	51.9
B1	June 2014	E + 3.50%	11.2
B2	June 2016	E + 4.75%	106.5
B3	December 2017	E + 4.75%	672.1
C1	December 2015	E + 4.00%	36.0
C2	December 2017	E + 5.25%	42.3
C3	December 2017	E + 4.75%	110.9
C4	December 2018	E + 5.00%	426.8
D	December 2018	E + 3.75%	800.0

(1) Euribor (“E”) + margin applicable to the facility;
(2) Nominal amount expressed in millions of euros as of December 31, 2013, excluding accrued interestand the impact of the effective interest rate.

Variations in the debt of Numericable Group S.A. compared to the period ended December 31, 2013 are related mainly to the payment of accrued interests. Interest paid during the three month period ended March 31, 2014 amounted to €10.9 million. Total outstanding debt (current and non-current) amounted to €2,622.6 million as of March 31, 2014, including the bonds issued under the facilities C-1 and C-2, as described in section 8.1 below.

8.1 Bonds

Issuer	Fair value in millions of euros March 31, 2014	Coupon	Year of maturity	Carrying amount March 31, 2014	Carrying amount December 31, 2013
Hot Telecom					
- Debentures	294.5	Between 3.9% and 6.9% + Consumer Price Index	2018	265.1	280.1
Altice Financing					
- Senior Secured Notes USD 460 M	352.2	7.875%	2019	306.9	305.1
- Senior Secured Notes EUR 210M	231.6	8.00%	2019	203.0	201.8
- Senior Secured Notes EUR 300M	318.7	6.5%	2022	293.1	292.8
- Senior Secured Notes USD 900M	679.7	6.5%	2022	638.6	637.3
Altice Finco					
- Senior Notes USD 425M	349.2	9.875%	2020	309.5	309.1
- Senior Notes EUR 250M	280.5	9.00%	2023	245.4	245.3
- Senior Notes USD 400M	308.3	8.125%	2024	283.1	282.5
Numericable Group S.A.					
- Senior debt tranche C-One	282.1	12.375%	2019	227.1	-
- Senior debt tranche C-Two	166.4	8.750%	2019	143.3	-
Nominal value of bonds	**3,263.2**			**2,914.1**	**2,554.0**
Of which due within one year	26.3			26.3	26.8
Of which due after one year	3,236.9			2,887.8	2,527.0

8.2 Loans from related parties

As part of the initial public offering of Altice S.A., a restructuring of related party bonds was carried out, following which all existing related party bonds held by Next L.P. and issued by Altice International S.à r.l. and Altice France S.A. were contributed to Altice S.A. by Next L.P., in exchange for shares of Altice S.A.

As per the accounting standards, such instruments, being interest free in nature, had been recorded at their fair value in the consolidated financial statements of the Two Groups. During the IPO process, these instruments were contributed at their nominal value and converted into share capital and share premium of Altice S.A. thus, previous discounting reserves recorded in the accounts of Altice France and Altice International were reversed, thus leading to an adjustment of €(73.2) million to the Group’s consolidated reserves.

As of March 31, 2014, no related party loans were outstanding at Altice S.A. level.

Variation in other financial liabilities is explained as follows:

(i) Cancellation of Altice Blue Two put: The minority shareholders of Altice Blue Two exchanged their shares in Altice Blue Two against common shares in Altice S.A. As a result of this exchange, the put agreement in place at Altice Blue Two was cancelled (considered to be unexercised), leading to the reversal of a debt amounting to €53.2 million.
(ii) Repayment and conversion of vendor notes: Vendor notes held by Altice IV and Valemi Corp were respectively reimbursed and exchanged against common shares of Altice S.A. as part of the IPO, leading to a total decrease in other financial liabilities of €20.7 million.
(iii) The variation in the fair value of financial instruments (Swap & Forwards contracts) for €35.4 million from €142.3 million to €177.7 million.

8.3 Classification and fair value of financial assets and liabilities

The Group has financial instruments with fair values that are determined by reference to significant unobservable inputs i.e. those that would be classified as level 3 in the fair value hierarchy. There have been no transfers of assets or liabilities between levels of the fair value hierarchy. There are no non-recurring fair value measurements.

The financial instruments that are presented in the condensed consolidated statement of financial position in accordance with their fair value are classified in accordance with groups that have similar characteristics, into hierarchical levels for fair values, as aforesaid, which are determined in accordance with the source of the input that was used for determining the fair value:

- Level 1 - Quoted prices (without adjustments) in an active market for identical assets and liabilities.
- Level 2 - Inputs other than quoted prices that are included in level 1, which can be observed directly or indirectly.
  Level 3 - Inputs that are not based on observable market data (an evaluation technique that does not use observable market data).

As of March 31, 2014, the classification of financial instruments is summarized below:

For the three month period ended March 31, 2014	Recorded Value in Condensed Consolidated Statement of Financial Position	**Level 1** Quoted Prices in active markets for identical assets/liabilities	**Level 2** Significant other observable inputs	**Level 3** Inputs that are not based on observable market data
			(€ in millions)	
Recurring Fair Value Measurements				
Financial assets				
- Wananchi Group	31.9	-	-	31.9
- Partner Communications Co.	8.4	8.4	-	-
- Fiberman S.à r.l.	3.4	-	3.4	-
- Other financial assets at FVTPL	0.2	-	-	0.2
Financial liabilities				
- Other financial liabilities at FVTPL (derivative instruments)	177.7	-	175.8	1.9

As of March 31, 2014, the level 3 classification has been based on the latest capital increase that occurred of the Wananchi Group level.

For the year ended December 31, 2013	Recorded Value in Condensed Consolidated Statement of Financial Position	Level 1 Quoted Prices in active markets for identical assets/liabilities	Level 2 Significant other observable inputs	Level 3 Inputs that are not based on observable market data
			(€ in millions)	
Recurring Fair Value Measurements				
Financial assets				
- Wananchi Group	31.9	-	-	31.9
- Partner Communication Co.	8.4	8.4	-	-
Financial liabilities				
- Other financial liabilities at FVTPL (derivative instruments)	142.3	-	142.3	-

Note 9 – Segmental analysis

9.1 Definitions of segments

Given the geographic spread of the various Group entities, it logically follows that an analysis and control by geographical areas is inalienable to Group strategy of managing its different businesses. It has thus been decided by the Board of Directors to analyse the business across geographies and then by activity. The following geographies have been identified:

- Israel
- France
- Belgium and Luxembourg (“Belux”)
- Portugal
- French Overseas Territories (“FOT”)
- Dominican Republic
- Other (Switzerland, others)

Activities have been split as follows:

- Fixed
- Mobile
- Others (Content/others)

Following the acquisition and full integration of Numericable Group and the acquisition of Tricom S.A., two new geographic segments, France & Dominican Republic, corresponding to the sole geographic zones of operation of the two new entities, were added to the segmental analysis.

In addition, in the context of the anticipated acquisition and integration of the French mobile operator Société Francaise de Radiotéléphone S.A. (“SFR”) into the Group, the Board of Directors has decided to amend the presentation of its operational segments, by regrouping Cable and B2B into a single line called ‘Fixed’, and by maintaining the mobile segment (SFR’s activity is mainly mobile based). Other activities such as content, datacenters and holding company operations are classified under others. Such presentation is coherent with the presentation used by the Management of the Group.

The businesses that the Group owns and operates do not show significant seasonality.
There are few operational transactions between the different segments defined by Management above. Intersegment revenues are considered to be non-material by Management and, hence, not in the scope of regular operational reviews. Intersegment revenues represented less than 0.5% of total revenues for the three month periods ended March 31, 2014 and 2013, respectively.
All corporate entities revenues and expenses have been allocated to the segment “Others”.

9.2 Segment information

Details regarding revenues, cost of sales and gross profit for our cable, mobile and other segments are as follows. The reconciliation to Profit before income tax (expenses) / benefits is presented below in accordance with the requirements of IFRS 8 (operating segments).

	For the three months ended March 31, 2014							
	France	**Israel**	**Belux**	**Portugal**	**FOT**	**Dominican Republic**	**Others**	**Total**
	(In € millions)							
Fixed								
Revenue	217.2	168.7	17.8	46.1	27.3	7.6	8.0	492.6
Cost of sales	(50.5)	(28.6)	(2.5)	(18.8)	(7.5)	(1.6)	(3.9)	(113.5)
Gross Profit	**166.7**	**140.1**	**15.2**	**27.2**	**19.8**	**6.0**	**4.1**	**379.1**
Mobile								
Revenue	-	44.5	0.4	-	32.2	-	-	77.0
Cost of sales	-	(13.2)	(0.4)	-	(8.1)	-	-	(21.7)
Gross Profit	**-**	**31.3**	**(0.0)**	**-**	**24.0**	**-**	**-**	**55.3**
Other								
Revenue	0.2	-	-	-	-	-	8.6	8.8
Cost of sales	-	-	-	-	-	-	(2.2)	(2.2)
Gross Profit	**0.2**	**-**	**-**	**-**	**-**	**-**	**6.4**	**6.6**
Total Revenue	**217.4**	**213.1**	**18.1**	**46.1**	**59.4**	**7.6**	**16.7**	**578.4**
Total cost of sales	**(50.5)**	**(41.7)**	**(2.9)**	**(18.8)**	**(15.6)**	**(1.6)**	**(6.2)**	**(137.5)**
Total Gross Profit	**166.9**	**171.4**	**15.2**	**27.2**	**43.8**	**6.0**	**10.5**	**440.9**
Operating expenses	(62.6)	(69.3)	(2.7)	(12.5)	(21.0)	(3.3)	(10.5)	(182.0)
Operating profit before depreciation, amortization and non-recurring costs	**104.3**	**102.1**	**12.4**	**14.7**	**22.8**	**2.7**	**(0.1)**	**259.1**
Depreciation and Amortisation	(47.1)	(68.0)	(9.4)	(17.9)	(11.9)	(1.3)	(6.3)	(162.0)
Other expenses, net	(1.3)	(9.4)	(2.3)	(2.7)	(2.7)	(0.3)	(9.6)	(28.3)
Operating income	**55.9**	**24.7**	**0.7**	**(5.9)**	**8.2**	**1.0**	**(16.0)**	**68.7**
Gain on step acquisition	-	-	-	-	-	-	256.3	256.3
Share in income of associates	-	-	-	-	-	-	1.3	1.3
Net Financial income/(costs)	(25.5)	(7.6)	(3.5)	-	-	(0.3)	(115.8)	(152.7)
(Loss)/profit before income tax expenses	**30.4**	**17.1**	**(2.8)**	**(5.9)**	**8.2**	**0.7**	**125.8**	**173.6**

	For the three months ended March 31, 2013					
	Israel	Portugal	Belux	FOT	Others	Total
		(In € millions)				
Fixed						
Revenue	171.7	28.9	17.9	6.1	2.8	227.4
Cost of sales	(36.9)	(8.9)	(3.1)	(0.9)	(0.4)	(50.3)
Gross Profit	**134.8**	**20.0**	**14.7**	**5.2**	**2.4**	**177.1**
Mobile						-
Revenue	47.6	-	0.2	-	-	47.8
Cost of sales	(27.8)		(0.1)			(27.9)
Gross Profit	**19.9**	**-**	**0.1**	**-**	**-**	**20.0**
Other						
Revenue	-	-	0.1	-	8.8	8.9
Cost of sales	-	-	(0.1)	-	(4.1)	(4.2)
Gross Profit	**-**	**-**	**(0.0)**	**-**	**4.7**	**4.6**
Total Revenue	**219.4**	**28.9**	**18.2**	**6.1**	**11.6**	**284.1**
Total cost of sales	**(64.7)**	**(8.9)**	**(3.4)**	**(0.9)**	**(4.5)**	**(82.3)**
Total Gross Profit	**154.7**	**20.0**	**14.8**	**5.2**	**7.0**	**201.8**
Operating expenses	(71.6)	(7.5)	(2.4)	(2.2)	(5.1)	(88.8)
Operating profit before depreciation, amortization and non-recurring costs	**83.1**	**12.5**	**12.4**	**3.0**	**1.9**	**113.0**
Depreciation and Amortisation	(63.9)	(13.8)	(4.0)	(1.6)	(2.2)	(85.4)
Other expenses, net	(5.4)	(0.6)	(1.4)	(0.4)	0.0	(7.8)
Operating income	**13.8**	**(1.9)**	**7.1**	**1.0**	**(0.2)**	**19.8**
Net Financial income/(costs)	(5.9)	(0.7)	(3.5)	(0.2)	14.3	4.0
Share in income of associates	-	-	-	-	2.8	2.8
(Loss)/profit before income tax expenses	**7.8**	**(2.7)**	**3.6**	**0.8**	**16.9**	**26.5**

9.3 Definition of EBITDA

In view of the acquisition of a controlling stake in Numericable Group S.A., the initial public offering of the Company and the future integration of SFR, the Company has decided to define the 'Earnings before interest, taxes, depreciation and amortization, or EBITDA' metric, which is a non-GAAP measure that the Company considers to be an important indicator of its cash generating ability and overall profitability. EBITDA also excludes non-recurring costs related to restructuring, non-recurring costs, management fees and other expenses of a non-cash nature or that the Board of Directors considers to be non-relevant to its regular operating activities. A reconciliation between operating profit before depreciation and amortization is presented below in this note.

9.4 Reconciliation between operating income before depreciation and amortisation and EBITDA (In € millions) as at March 31, 2014

	France	Israel	Belgium & Luxembourg	Portugal	French Overseas Territories	Dominican Republic	Others	Total
Operating profit before depreciation, amortization and non-recurring costs	**104.3**	**102.1**	**12.4**	**14.7**	**22.8**	**2.7**	**(0.1)**	**259.1**
Expenses related to stock option plan	1.1	-	-	-	-	-	2.2	**3.6**
French value added tax	1.7	-	-	-	-	-	-	**2.7**
EBITDA	**107.1**	**102.1**	**12.4**	**14.7**	**22.8**	**2.0**	**2.9**	**264.0**

Note 10 – Equity based compensation

As part of the listing process, the Group adopted a new remuneration policy and company stock options were issued to executive directors and some senior management of the Group. The expenses associated with the issuance of these stock options were calculated and recorded in accordance with 'IFRS 2 – Stock Options' for the first time during the period ended March 31, 2014.

The options were valued using the Black and Scholes model, considering the modalities of the options as described in the articles and bylaws of the Company. The Company reserved the right to grant options of up to €250 million upon admission, of which €220.85 million were granted at IPO under the conditions listed below, as well as further options for an aggregate amount of €100 million for new hires and to promote employees and officers. Additional options worth €20 million were granted to a member of the management team with conditions at admission different to those described below.

The conditions considered for the valuation of the options are given as follows:

- Options can only be issued on the issue date, defined as (i) the date of admission of Altice SA's shares on Euronext Amsterdam (January 31, 2014) or (ii) the date on which an employee or another person designated by the company becomes eligible to participate in the plan. Participants who will be granted options upon admission will not be eligible to receive more options until the fourth anniversary after the issue date;
- Each option granted will entitle the holder to acquire one ordinary share of the Company;
- Options will vest on a non-linear basis as per the following schedule:
  - A first tranche of 50% vests two years after the allocation of the options;
  - A second tranche of 25% vests three years after the allocation of the options ; and
  - The final tranche of 25% will vest four years after the allocation of the options .
- Vested options can be exercised at any time until the 10th anniversary of the issue date, after which they will be considered to have lapsed;
- The exercise price for the options is either (i) if issued on admission, the offer price of the Company's shares upon admission (€ 28.25) or, (ii) the weighted average price at which the shares are traded on Euronext Amsterdam for a period of six months preceding the issue date.

As of March 31, 2014, options with a nominal value worth €220.85 million had been allotted to different managers of the Company, (representing 7.82 million ordinary shares of Altice S.A. at the offering price at IPO). As of the date of this report, no options had been exercised or lapsed.

Based on these conditions, for the three month period ended March 31, 2014, Altice S.A. recorded €2.2 million as expenses related to stock options in the line item, 'staff costs and employee benefits'. A stock option plan has also been established by Numericable Group S.A. for its employee and key management personnel, and an expense amounting to €1.1 million has been recognized for the period ended March 31, 2014.

Note 11 – Gain on step acquisition / Investments in associates

On February 3, 2014, Altice France, a direct subsidiary of the Company, completed the acquisition of an additional 10% stake in Numericable Group S.A. (hereafter referred to as NG). This acquisition triggered a change in control of Numericable S.A., with Altice France becoming the largest shareholder in NG, with 5 out of 10 seats on the Board and the ability to name the Chairman. Thus, for the three month period ended March 31, 2014, NG has been fully consolidated into the financial statements of Altice S.A.

As a result of this change, the investment in associates recorded in the accounts of the Company was reversed and the fair value of the investment in Numericable Group S.A. was recorded in the accounts of Altice S.A. as investments in subsidiaries. The difference between the value previously recorded in the financial statements of Altice S.A. and the fair value of the investment (€936.6 million) was recorded as a gain on step acquisition in the condensed consolidated statement of income of Altice S.A. for the three months ended March 31, 2014.

Calculation of carrying amount of investment in associates as of February 3, 2014
(in € millions)

Balance as of December 31, 2013	**679.1**
Increase	1.3
Balance as of February 3, 2014 (a)	**680.4**

Calculation of fair value of investment in associates as of February 3, 2014
(in € millions)

No. of shares held at change of control	**33.9**
Observed share price at February 3, 2014	27.6
Fair value of investment on February 3, 2014 (b)	**936.6**

Gain on step acquisition (b) – (a) = 256.3

Note 12 – Related party transactions

Trading and financial transactions

Consolidated Income and expenses	Revenue		Operating expenses		Financial expenses	
	March 31,					
	2014	2013	2014	2013	2014	2013
	(€ in millions)					
Shareholders	-	-	-	(0.2)	(0.8)	-
Executive directors	-	-	(1.4)	(1.2)	-	-
Associated companies	0.2	-	(1.5)	(0.5)	(0.2)	-
TOTAL	**0.2**	**-**	**(2.9)**	**(1.9)**	**(1.0)**	-

Assets	Loans and receivables		Trade accounts receivable and other		Current accounts	
	Dec 31, 2013	Mar 31, 2014	Dec 31, 2013	Mar 31, 2014	Dec 31, 2013	Mar 31, 2014
	(€ in millions)					
Shareholders	-	0.2	0.2	-	-	-
Executive directors	-	-	-	-	-	-
Associated companies	-	-	0.8	-	-	0.4
TOTAL	**-**	**0.2**	**1.0**	**-**	**-**	0.4

Liabilities	Other financial liabilities		Trade accounts payable and other		Current accounts	
	Dec 31, 2013	Mar 31, 2014	Dec 31, 2013	Mar 31, 2014	Dec 31, 2013	Mar 31, 2014
	(€ in millions)					
Shareholders	100.7	-	-	-	-	-
Executive directors	-	-	-	-	-	-
Associated companies	-	-	6.6	-	-	-
TOTAL	100.7	**-**	6.6	**-**	**-**	**-**

Note 13 – Compensation of key management personnel

The compensation given to the key management personnel, in respect of their duties as Chairman of the Board or member of the Board of Altice S.A., for the 3 months period ended March 31, 2014, was €0.6 million and €1.0 million for the 3 month period ended March 31, 2013.

Note 14 – Income tax

The company registered an income tax credit of €5.1 million for the three month period ended March 31, 2014 compared to income tax expenses of €9.2 million for the three month period ended March 31, 2013. The variation between the two periods mainly pertains to value adjustments on derivatives instruments.

Note 15 – Commitments and contingent liabilities

15.1 Numericable Group S.A.

Commitments and contingent liabilities at the Numericable Group S.A. level were recognized for the first time in the accounts of the Company for the period ended March 31, 2014. Such information is disclosed under two separate sections in the accounts, as described below:

15.1.1 Provisions and contingent liabilities

The Numericable Group (hereafter, "the NG Group") is involved in legal and administrative proceedings that have arisen in the ordinary course of its business.

A provision is recorded by the NG Group when there is a sufficient probability that such disputes will lead to costs that the NG Group will bear and when the amount of these costs can be reasonably estimated. Certain companies of the NG Group are involved in a certain number of disputes related to the ordinary activities of the NG Group. Only the most significant disputes and proceedings in which the NG Group is involved are described below.

The NG Group is not aware of any governmental, legal or arbitration proceedings (including any proceedings of which the NG Group is aware, which are pending or threatened) other than those mentioned below in this section that may have or have had in the last 12 months significant effects on the financial position or profitability of the Company or the NG Group.

15.1.1.1 Tax audits

The French tax authorities have conducted audits of various companies of the NG Group since 2005 with respect to the VAT rates applicable to our multiple-play offerings. Under French tax law, television services are subject to a 5.5% VAT rate, which increased to 7% as of January 1, 2012, while Internet and telephony services are subject to a 19.6% VAT rate. When marketing multiple-play offerings, the NG Group allocates a price reduction compared with the price the NG Group would charge for its services on a stand-alone basis. This price reduction is primarily applied to its Internet and telephony services, because such services are newer products. As a result, the VAT charged to the subscribers was lower than the VAT that would have been charged if the NG Group had deemed the price reduction to apply primarily to the television portion of its packages.

The French tax authorities assert that these price reductions should have been calculated pro rata of the stand-alone prices of each of the services (television, broadband Internet, fixed and/or mobile telephony) included in the multiple-play packages of the Group and proposed adjustments for fiscal years 2006 to 2010.

The NG Group has formally challenged the tax assessments for the fiscal years from 2006 to 2009. The NG Group also referred the matter to the Ministry of Finance in December 2011 and sought a comprehensive settlement of the adjustments made by the tax administration in respect of the various NG Group companies for the period 2006-2009. Following this request, the tax administration lowered the amounts of adjustments for 2008 and 2009 by including in its calculation a limitation based on the 50/50 rule applicable on composite VAT, which was in force from 2008 to 2010. The new amounts of adjustments, totaling 17.1 million euros (excluding penalties of 40%) for the period 2006-2009, were communicated to the NG Group end of August 2012.

Furthermore, in 2012, the tax authorities also initiated a tax audit of fiscal year 2010, in the same matters and scope as the audits described above. These procedures gave rise to proposed adjustments at the end of June 2013, calculated in the same manner as for fiscal years 2007 to 2009, in a total amount of 6.1 million euros (excluding penalties of 40%). The NG Group replied on August 21, 2013, challenging the proposed adjustments. The tax administration sent replies to the NG Group's observations in late October 2013, pursuant to which it maintains its adjustments. To date, the 2011 and subsequent years have not been subject to VAT audits on the Numericable scope. The tax administration has also

demanded payment for the 2006 adjustment on NC Numericable (approximately 2 million euros of the 17.1 million euros mentioned above for the 2006-2009 period). The Group asked for a payment deferral and filed a complaint in September 2012, which was rejected by the tax administration on June 27, 2013. The NG Group filed an additional request on August 20, 2013.

VAT rules applicable to multiple-play packages changed starting January 1, 2011.

As of December 31, 2013, a tax contingency provision of 24.9 million euros (compared with 25.1 million euros as of December 31, 2012) was recognized to cover all the risks related to VAT (excluding penalties of 40%, which would amount to 7.1 million euros) related to the adjustments notified for fiscal years 2006 to 2010 (i.e. 23.5 million euros). The NG Group replied on August 21, 2013, challenging the proposed adjustments.

In 2013, the tax administration initiated a tax audit of Altice B2B France and Completel in respect of fiscal years 2010 and 2011, resulting in the submission on December 19, 2013 of proposed adjustments. The adjustments focus on the challenge of charges for services provided to the companies in 2009, 2010 and 2011. A tax contingency provision covering all adjustments considered (income tax, VAT, withholding tax, penalties, surcharges and default interest) in the amount of 11.4 million euros was set aside December 31, 2013. In addition, the proposed adjustment results in a reduction of tax loss carryforwards in the amount of 28.5 million euros. The NG Group challenged all adjustments on February 17, 2014.

As of December 31, 2013, a tax contingency provision of 36.3 million was recognized to cover all the risks related to VAT (excluding penalties of 40%, which represents 7.1 million euros) related to the adjustments notified for fiscal years 2006-2010 (i.e. 24.9 million euros) and the risks associated with the challenging of charges for services under the adjustments notified for fiscal years 2009-2011 (11.4 million euros). This amount remained unchanged for the period ended March 31, 2014.

15.1.1.2 Commercial disputes

A.) In-depth inquiry of the European Commission into the transfer of cable infrastructures by certain local authorities

On July 17, 2013 the European Commission signaled that it had decided to open an investigation to verify whether the transfer of public cable infrastructure between 2003 and 2006 by several French municipalities to Numericable was consistent with European Union State aid rules. In announcing the opening of this in-depth investigation, the European Commission indicated that it believes that the sale of public assets to a private company without proper compensation gives it an economic advantage not enjoyed by its competitors, and that it therefore constitutes state aid within the meaning of the rules of the European Union. It argues that the transfer free of charge of the cable networks and ducts by 33 French municipalities in favor of Numericable confers a benefit of this type and, as such, state aid. The European Commission has expressed doubts about the compatibility of the alleged aid with the rules of the European Union.

The Group firmly denies the existence of any state aid. In addition, the decision to open an investigation concerns a relatively small number of network connections (200,000), the majority of which have not been migrated to EuroDocsis 3.0 and accordingly only allow access to a limited number of the Group’s television services. The European Commission’s decision of July 17, 2013 was published in the Official Journal of the European Union on September 17, 2013. Since then, discussions have continued within the framework of the procedure in respect of observations of third parties as well as those of the parties to the proceedings as to the allegation of the existence of aid and its extent, with the Group firmly challenging the existence of any state aid.

B.) Litigation with Orange relating to Indefeasible Right of Uses ("IRUs")

The NG Group entered into four non-exclusive IRUs with Orange on May 6, 1999, May 18, 2001, July 2, 2004 and December 21, 2004, in connection with the acquisition by the Group of certain companies operating cable networks built by Orange. These cable networks, accessible only through the civil engineering installations of Orange (mainly its ducts), are made available to the Group by Orange through these non-exclusive IRUs over such civil engineering installations. Each of these IRUs covers a different geographical area and was entered into for a term of 20 years.

Following ARCEP's decision 2008-0835 of July 24, 2008, Orange published, on September 15, 2008, a technical and commercial offer made to telecommunication operators pursuant to which such operators can roll out their own fiber networks in Orange's ducts. The terms of this mandatory technical and commercial offer are more restrictive than the terms that the Group enjoys under the Orange IRUs. As a result, Orange asked the Group to comply with the general rules regarding access to Orange's ducts for the purpose of maintaining and upgrading its network. This issue was litigated, and both ARCEP and the Paris Court of Appeal ruled in favor of Orange on November 4, 2010 and June 23, 2011 respectively. Numericable appealed the decision before the French Supreme Court (*Cour de Cassation*), which upheld, for the most part, the decision of the Paris Court of Appeal.

Moreover, on October 21, 2011, ARCEP initiated penalty proceedings against Numericable, arguing that it had not complied with its November 4, 2010 decision. Consequently, in December 2011, Numericable and Orange signed amendments to the IRUs in order to comply with the November 4, 2010 ARCEP decision and to align the operating procedures set out in the IRUs with the procedures set out in the Orange generic technical and commercial offer.

In the meantime, the penalty proceedings initiated by ARCEP were not stopped by the execution of the amendments to the IRUs, and Numericable was fined 5.0 million euros on December 20, 2011 for noncompliance with ARCEP's November 4, 2010 decision. The fine was paid in full during fiscal 2012. Numericable filed an appeal against the decision before the Council of State. Within the framework of this appeal, Numericable having raised a question of Constitutional law, referred to the Constitutional Court, on the compliance with the Constitution of Article L. 36-11 of the CPCE, which sets out ARCEP's powers. On July 5, 2013, the Constitutional Court found in Numericable's favor and invalidated paragraphs 1 to 12 of Article L. 36-11 of the CPCE, on the basis of which ARCEP's December 20, 2011 decision to impose the aforementioned penalty was made. Numericable asked the Council of State to take the conclusions of this decision into consideration and accordingly to cancel ARCEP's December 20, 2011 decision. On October 21, 2013, the Council of State annulled the penalty imposed by ARCEP on December 20, 2011, which had condemned Numericable and NC Numericable to a fine of 5 million euros for non-compliance with ARCEP's November 4, 2010 ruling.

Lastly, Numericable initiated parallel proceedings against Orange before the Commercial Court of Paris on October 7, 2010 claiming damages of 2.7 billion euros for breach and modification of the IRUs by Orange. On April 23, 2012, the Commercial Court of Paris ruled in favor of Orange and dismissed the Group's claims for damages, ruling that there were no material differences between the original operational procedures and the new operational procedures published by Orange on September 15, 2008. Numericable appealed this decision before the Paris Court of Appeal and claimed the same amount of damages. Orange, in turn, claims that the proceedings materially impaired its brand and image, and claims damages of 50 million euros. The Commercial Court of Paris is expected to hear this case during the second quarter of 2014.

C.) Litigation with Free relating to an advertising campaign

A claim was filed against NC Numericable before the Commercial Court of Paris by telecommunication operator Free on August 3, 2011 in relation to the launch of the mobile offer by the Group in spring 2011 through an advertising campaign entitled "*La révolution du mobile continue*."

Free, which used the term "revolution" to refer to its launch of mobile phone services and whose latest offering was named the "Freebox Revolution," argues that Numericable's campaign led to customer confusion and damaged its brand and image. The case is currently pending before the Paris Commercial Court. Free is claiming damages of 10.0 million euros. After the hearing, the Court asked for an opinion from the French competition authority ("*Direction générale de la concurrence, de la consommation et de la répression des fraudes*" – DGCCRF) related to the reality of the assertions of Free with regard to the laws governing advertising. The DGCCRF returned an opinion in which it indicated that the questions raised by Free did not constitute a fault under the applicable law. However, on December 13, 2013, the Commercial Court of Paris condemned NC Numericable to pay Free the sum of 6,391,000 euros. NC Numericable appealed this decision. As the decision is enforceable and the amount was paid in early 2014, the risk was fully provisioned as of December 31, 2013.

This provision booked in relation to the litigation with Free concerning an advertising campaign was fully utilized as of March 31, 2014. The Group set aside the entire fine in the consolidated financial statements for the year ended December 31, 2013 and the decision was executed in early January 2014.

D.) Litigation with several editors of value-added services (AVS)

On February 19, 2013, five companies editing value-added telephone services offering their services to the public through premium numbers (0899), jointly assigned Completel before the Commercial Court of Nanterre. The plaintiffs asked for the condemnation of Completel to pay 350,000 euros in repayment of sums corresponding to deductions made by Completel from the sums collected on their behalf. Completel made these deductions in response to practices by these companies that it considers contrary to the agreements between these companies and Completel, as well as ethical standards in the industry. They also sought payment of damages in a total amount of 12 million euros in compensation for the prejudice allegedly suffered as a result of the withholding of money by Completel.

Furthermore, in November 2012, Completel, having decided in November 2012 to put an end to this activity, suspended certain repayments and applied various contractual penalties on companies selling this type of value-added telephony services. Some of these companies assigned Completel before various Commercial Courts and sought an order for the payment of the amounts withheld by Completel or the cancellation of penalties applied by Completel. The overall claim amounts to approximately 400,000 euros, mainly representing sums collected for these companies.

E.) Dispute with the Ligue de Football Professionnel

In a submission to the Commercial Court of Nanterre dated April 26 2013, the Professional Football League ("*Ligue de Football Professionnel*" – LFP) argued that Numericable had abused its dominant position in breach of its obligation of non-discrimination against the LFP when it was in charge of the production of the CFoot channel. The LFP requested 4.1 million euros in damages in compensation for the prejudice. More particularly, the LFP criticized Numericable for the low level of remuneration for the marketing of the CFoot channel compared with the remuneration of certain sports channels sold in packages. A hearing on the matter is expected in 2014.

F.) Action by Colt, Free and Orange before the General Court of the European Union concerning the DSP 92 project

Colt, Free, and Orange, in three separate proceedings against the European Commission, filed a request with the General Court of the European Union for the cancellation of the final decision of the European Commission dated September 30, 2009 (Decision No. C (2009) 7426), which held that the compensation of 59 million euros granted within the framework of the public service concession for the establishment and operation of a high-capacity electronic communications network in the department of Hauts de Seine does not constitute state aid within the meaning of the rules of the European Union. The Group is not party to this proceeding. Its subsidiary Sequalum is acting as the civil party, as well as the French state and the department of Hauts de Seine. In three rulings dated September 16, 2013, the General Court of the European Union rejected the requests of the three applicants and confirmed the aforementioned decision of the European Commission. Free and Orange have appealed to the Court of Justice of the European Union.

G.) Complaint of Bouygues Telecom

In late October 2013, the Numericable Group received a claim from Bouygues Telecom on the “white label” contract concluded between the two companies on May 14, 2009, initially for five years and extended once for an additional five years for the supply to Bouygues Telecom of double- and triple-play broadband offers. In its letter, Bouygues Telecom claimed damages totaling 53 million euros as a result of this contract. Bouygues Telecom alleges a prejudice that justifies, according to Bouygues Telecom, damages including (i) an amount of 17.3 million euros due to an alleged pre-contractual fraud (provision of incorrect information prior to the conclusion of the contract), (ii) an amount of 33.3 million euros as a result of alleged failure by Group companies in the execution of the contract and (iii) an amount of 2.4 million euros to repair the alleged damage to Bouygues Telecom’s image. The Numericable Group considers these claims unfounded both in fact and in contractual terms, and rejects both the allegations of Bouygues Telecom and the amount of damages claimed. It nevertheless intends to continue regular discussions between the parties regarding the implementation of this contract, for which Bouygues Telecom is requesting modifications in the context of its claim. Notwithstanding this claim, which has not been brought before the courts, the parties have continued their day-to-day cooperation in conditions identical to those prevailing before October 2013. The contract, which runs until 2019, generated 37.3 million euros in revenues in 2012, 49.6% of total white label B2C revenues of 75.3 million euros and 2.8% of the Group’s total revenues.

H.) Investigation of DSP 92 by the Regional Auditor of Ile-de-France

In mid-November 2013, a number of press articles reported that the Regional Auditor of Ile-de-France had opened an investigation into the management of the department of Hauts-de-Seine between 2004 and 2007. The articles reported that the investigation would focus primarily on the DSP 92 project awarded to Numericable, and in particular the granting of 59 million euros in consideration for public service costs for the establishment and operating of a high-capacity electronic communications network in Hauts de Seine. The Numericable Group has no information as to the object or the timing of the investigation, and as such to its exact nature or its potential impact on the Group. However, the Group notes, as indicated above, that DSP 92 has been validated by French administrative courts, by the European Commission and by the General Court of the European Union, before which action against the DSP 92 contract has successively been brought, and that the Court of Auditors has no power to act against a non-governmental entity.

I.) Litigation with employees

The Numericable Group is involved in litigation with a certain number of employees, a large part of which is due to the last merger period in 2006-2007, involving UPC-Noos, which gave rise to adjustments and harmonization in practices leading to disputes until 2009. The overall risk for this litigation is approximately 4 million euros. Most of this litigation consists of the challenge by an employee of the grounds for or the form of his or her dismissal.

15.1.2 Commitments and contractual liabilities

	< 1 year	Maturity 1-5 years	> 5 years	**Total March 31, 2014**	**Total December 31, 2013**
		(in € millions)			
Operating leases	10.2	33.7	11.7	**55.6**	**58.2**
Total	**10.2**	**33.7**	**11.7**	**55.6**	**58.2**

The Numericable Group also has property and vehicle lease commitments under operating leases. The lease term for property under operating leases is generally 3, 6 or 9 years, a standard lease term for commercial real estate in France. The lease term for vehicles under operating lease is 3 years.

As part of the networks business, leases involving equipment and network IRUs (rights of use of the local loop, backbone) or other rental contracts (rights of way) were not considered material.

In connection with its entertainment business activities, the Group has also entered into operating leases and agreements to purchase TV programs.

The maturities of operating leases are provided above.

15.2 Israel

CONTINGENT LIABILITIES

During the routine course of business, lawsuits have been filed against the companies in the Group and various legal proceedings are outstanding against it (hereinafter - The Legal Claims).

In the opinion of the management of the Group, based, inter alia, on legal opinions in respect of the chances of the lawsuits, a fair provision of €10.6 million (NIS 51 million) has been recorded in the Condensed Consolidated financial statements as of March 31, 2014, where provisions are required, in order to cover the exposure as the result of the lawsuits.

In the opinion of the management of the Group, the amount of the additional exposure, in an amount of approximately € 562.8 million (NIS 2.7 billion) (over and above the provisions that have been recorded in these Condensed Consolidated financial statements), as of March 31, 2014, as a result of lawsuits that have been filed against companies in the Group on various matters, is as follows:

- An amount of approximately €375.2 million (NIS 1.8 billion) in respect of claims, in respect of which in the assessment of the Company's management, in reliance on the opinion of its legal advisors, the chances of their being accepted do not exceed 50%.
- An amount of approximately €83.4 million (NIS 0.4 billion) in respect of claims, in respect of which it is not yet possible, at this stage, to make an assessment, the main ones being in connection to applications for the approval of class actions that were presented close to the date of the financial statements.
- An amount of approximately €104.2 million (NIS 0.5 billion) in respect of claims which, in the assessment of the Company's management, in reliance upon the opinions of its legal advisors, their chances of being accepted exceed 50% and in respect of which a provision has been recorded in accordance with the assessment of the managements of the companies in the Group.

The following is an abbreviated summary of the Group's contingent liabilities effective as of March 31, 2014, in accordance with groupings having similar characteristics:

The nature of the lawsuit	The amount of the additional exposure in excess of the provision recorded as of March 31, 2014	The amount of the lawsuits that cannot be assessed and which were presented close to the date of the financial statements (primarily applications for approval as class actions)	Provisions recorded in the financial statements as of March 31, 2014	Provisions recorded in the financial statements as of December 31, 2013	Updating of the expense (income), net in the reporting period
			(€ millions)		
Customers [1]	478.8	82.1	4.2	4.2	-
Copyrights	0.6	-	5.6	6.3	(0.2)
Suppliers	22.3	11.0	0.6	0.4	0.2
Employees [2]	1.5	-	0.2	0.2	-
The merger transaction	49.8	-	-	-	-
Total	553.0	93.2	10.6	11.0	-

(1) The amount includes €0.9 million (NIS 4.5 million) in respect of claims after the balance sheet date.
(2) The amount includes €0.3 (NIS 1.5 million) in respect of claims after the balance sheet date.

15.3 Portugal

As at March 31, 2014, the Oni Group and Cabovisao have bank guarantees given to third parties in order to secure the fulfilment of their obligations under some of their agreements for, respectively, a total amount of €5.6 million and €10.6 million.

As at March 31, 2014, Cabovisao recorded provisions for approximately €5.2 million for fiscal contingencies for withholding taxes. During first quarter 2014, the Instituto do Cinema e do Audiovisual ("ICA") rendered an unfavourable decision regarding the Audiovisual and Cinema taxation for which an amount of €0.9 million was already recorded in the consolidated financial statements as at December 31, 2013.

15.4 Other subsidiaries of the group

Management has not identified any significant changes to the commitments of the other subsidiaries of the group as compared to the period ended December 31, 2013.

Note 16 – Going concern

As of March 31, 2014, the Group had a net current asset position of €449.9 million (mainly due to restricted cash of €962.0 million). During the three month period ended March 31, 2014, the Group recorded a net profit of €178.6 million (€17.3 million as of March 31, 2013), positive cash flow from operations of €230.5 million (€65.9 million for the three months ended March 31, 2013), and negative working capital of €513.9 million. The positive cash flow from operations balance was mainly due to strong earnings growth and EBITDA generation. The net gain recorded resulted mainly from the recognition of a non-cash gain on the step acquisition of Numericable Group S.A. for a total amount of €256.3 million.

The negative working capital position is structural and follows industry norms. Customers generally pay subscription revenues early or mid-month, with short DSOs (Days of sales outstanding) and suppliers are paid in the beginning of the following month, thus generating a negative working capital, as evidenced by the difference in the level of receivables and payables (€601.5 million as of March 31, 2014 compared to €1,171.6 million). Payables due the following month are covered by revenues and operating cash (if needed). As of 31 March 2014, the Group had few short term current liabilities with amortization of debts limited to the local bonds in Israel (€13.0 million per half year) and on the Altice Financing term loan facility (€1.8 million per quarter).

As at March 31, 2014, the Company had a positive equity position of €1,176.7 million, of which €986.6 million attributable to the equity holders. This positive position results from the initial public offering of shares of Altice S.A. on Euronext Amsterdam, as well as the conversion and contribution of various vendor debts and minority interests stakes into the equity of Altice S.A.

In view of the current financial situation of the Company, Management is confident that the Group will continue to act as a going concern for the next twelve months, given its strong earnings and cash flow generating ability.

The Group had sufficient cash reserves as of March 31, 2014 (€347.2 million) to cover its operational needs. Additionally, the Group had access to revolving credit facilities ("RCF") of up to €66.7 million.

Note 17– Subsequent events

Acquisition of additional shares in Numericable Group from other minority shareholders

On April 5, 2014, Altice, controlling shareholder of Numericable Group, has entered into an agreement with Carlyle Cable Investment SC (« Carlyle », an affiliate of The Carlyle Group) and CCI (F3) S.à r.l (« Cinven », and affiliate of Cinven), according to which Altice will acquire the entirety of their respective stake in the share capital of Numericable Group (21.32% from Carlyle and 13.27% from Cinven). This acquisition of approximately 34.6% of Numericable Group's share capital will be implemented (i) for up to approx. 14% of the share capital of Numericable Group (6.50% for Cinven and 7.50% for Carlyle) by a sale of shares at a price of €30.50 per share payable in cash and (ii) for the remainder, by a contribution in kind, remunerated in shares of Altice SA (one share of Numericable Group for 0.97 share of the Company).

Following this transaction, Altice's stake in the share capital and voting rights of Numericable Group will increase from 40% to 74,6%. Altice thereby confirms its intention to raise its stake in Numericable Group by acquiring the participations of Carlyle and Cinven. This acquisition would end, at its completion, the majority concert of these three shareholders, in place since the listing of Numericable Group.

The completion of this transaction is subject to obtaining an exemption from the French Autorité des Marchés Financiers from the obligation to launch a public tender offer on all Numericable Group S.A. shares.

SFR acquisition

On April 6, 2014, the Vivendi group (VIV) announced that it had accepted an offer from NG to acquire the shares of SFR Société Française du Radiotéléphone S.A. and their subsidiaries (hereafter referred to as the "SFR Group" or "SFR"). After the completion of the transaction, Altice S.A. is expected to hold approximately 59.7% of the new Numericable Group (after the above mentioned SFR Acquisition).

Under the terms of the agreement, the details of which are laid out in the appendix, Vivendi will receive €13.5 billion in cash and 20% of the combined SFR - Numericable Group as well as a potential earn-out of €750 million. Vivendi will also at a later stage have the possibility of selling its 20% stake according to set terms.

Orange Dominicana Acquisition

On April 9, 2014, the Company, through its indirect subsidiary Altice Bahamas, completed the acquisition of Orange Dominicana (“ODO”), a mobile and ADSL operator in the Dominican Republic, for approximately $1.4 billion (€1 billion).

ODO has approximately 3.3 million mobile subscribers. In 2013, it had revenue of €446 million and EBITDA of €173 million.

The acquisition of ODO, following the acquisition of cable operator Tricom in March, fits perfectly with Altice's strategy of combining both fixed and mobile assets in order to offer quadruple-play services over state-of-the-art communication networks.

This also strengthens Altice's presence in the Caribbean where it already offers pay-TV, broadband, fixed and mobile telephony services in Martinique, Guadeloupe and French Guyana.

For the three months ended March 31, 2014, Orange Dominicana would have contributed €108.8 million to revenues and €27.4 million to operating income of the Group, had it been acquired on January 1, 2014.

The total consideration paid to the owners of ODO amounted to €1,033.9 million, which was paid using the proceeds raised in December 2013.

The total value of assets transferred in consideration for the values mentioned above amounted to €437.6 million, comprising mainly of intangible assets for a net value of €35.0 million, property, plant and equipment for a total value of €229.7 million and trade receivables for a total amount of €31.5 million. Total liabilities amounted to €103.5 million, comprising of €10.9 of non-current liabilities and €92.7 million of current liabilities, the residual value of € 700.0 million was recognised provisionally as goodwill.

Goodwill will be recognised as a result of the acquisition as follows:

Total consideration transferred	€1,033.9 million
Fair value of identifiable assets and liabilities	€333.9 million
Goodwill	€700.0 million.

Issuance of debt to finance the acquisition of SFR

On April 23, 2014, Altice S.A. announced the issuance of (i) €2,075 million in aggregate principal amount of its 7 1/4% Senior Notes due 2022 ("Senior Euro Notes") and (ii) $2,900 million aggregate principal amount of its 7 3/4% Senior Notes due 2022 ("Senior Dollar Notes" and, together with the Senior Euro Notes, the "Senior Notes"). Following their release from escrow, proceeds of the Senior Notes, together with proceeds from certain future equity financings, will be used to (i) exercise all preferential subscription rights to be allocated to Altice France S.A. ("Altice France"), a wholly-owned subsidiary of Altice S.A., pursuant to the €4,732 million rights issue by Numericable Group S.A. ("Numericable") comprising ordinary shares with preferential subscription rights to its existing shareholders (the "Numericable Rights Issue"), (ii) purchase certain ordinary shares of Numericable from funds affiliated with Carlyle Group and Cinven Ltd., (iii) repay certain existing indebtedness of Altice France, and (iv) pay fees and expenses related thereto. The offering of the Senior Notes has closed on May 8, 2014, and the proceeds from such offering are now held in segregated escrow accounts pending satisfaction of certain escrow release conditions (including the completion of the Numericable Rights Issue).

Additional debt was issued by Numericable Group S.A., a direct subsidiary of Altice S.A., to finance the acquisition of SFR through an offering of (i) $2,400 million aggregate principal amount of its 4⅞% Senior Secured Notes due 2019 (the "2019 Senior Secured Notes"), (ii) €1,000 million aggregate principal amount of its 5⅜% Senior Secured Notes due 2022 (the "Euro 2022 Senior Secured Notes"), (iii) $4,000 million aggregate principal amount of its 6.0% Senior Secured Notes due 2022 (the "Dollar 2022 Senior Secured Notes"), (iv) €1,250 million aggregate principal amount of its 5⅝% Senior Secured Notes due 2024 (the "Euro 2024 Senior Secured Notes"), and (v) $1,375 million aggregate principal amount of its 6¼% Senior Secured Notes due 2024 (the "Dollar 2024 Senior Secured Notes", and together with the 2019 Senior Secured Notes, Euro 2022 Senior Secured Notes, Dollar 2022 Senior Secured Notes, Euro 2024 Senior Secured Notes, the "Senior Secured Notes" and, together with the Senior Notes, the "Notes"). Following their release from escrow, proceeds of the Senior Secured Notes, together with borrowings under a senior secured loan credit facility to be entered into by Numericable on or about April 23, 2014 in an aggregate principal amount equivalent to €3,780 million (equivalent) and the proceeds of the Numericable Rights Issue, will be used by the Numericable to (i) pay cash consideration to Vivendi S.A. to acquire 100% of the capital of SFR (other than 10 shares in SFR not held by Vivendi S.A.) and all of the shares of another subsidiary of Vivendi S.A., SIG 50 (the "Acquisition"), (ii) refinance certain existing indebtedness of Numericable and its subsidiaries, (iii) purchase the shareholder note owed by SFR to Vivendi S.A. and (iv) pay fees and expenses related thereto. The offering of the Senior Secured Notes was closed on May 8, 2014, and the proceeds from such offering will be held in segregated escrow accounts pending satisfaction of certain escrow release conditions (including completion of the Acquisition).

Additional RCF (200 M EUR)

As part of the debt issuance to finance the acquisition of SFR, Altice S.A. obtained an additional revolving credit facility of €200 million to provide additional liquidity and flexibility to the firm.

Note 18 – Approval of the condensed consolidated financial statements

The condensed consolidated financial statements were approved by the Board of Directors and authorized for issue on May 15, 2014.

Deloitte.

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To the Shareholders of
Altice S.A.
3, boulevard Royal
L-2449 Luxembourg

REVIEW REPORT OF THE REVISEUR D'ENTREPRISES AGREE ON CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Altice S.A. as of March 31, 2014 and the related condensed consolidated statements of income, other comprehensive income, changes in equity and cash flows for the three month period then ended and the other explanatory notes (collectively, the "Interim Financial Statements"). The Board of Directors is responsible for the preparation and fair presentation of the Interim Financial Statements in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as adopted in the European Union. Our responsibility is to express a conclusion on these Interim Financial Statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the entity "ISRE 2410"*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

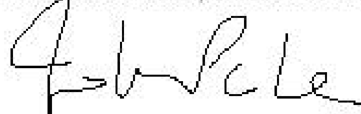
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as adopted in the European Union.

Other matter

We draw attention to the fact that the comparative amounts within the Interim Financial Statements relating to the three month period ended March 31, 2013 were not subject to an audit or a review in accordance with ISRE 2410. Our conclusion is not modified in respect of this matter.

For Deloitte Audit, *Cabinet de révision agréé*



John Psaila, *Réviseur d'entreprises agréé*
Partner

May 15, 2014